

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

In re:
City of Detroit, Michigan,
Debtor.

Chapter 9
Case No. 13-53846
Hon. Steven W. Rhodes

Order Vacating Order to Show Cause

On August 28, 2014 the Court entered an Order Granting in Part Motion to Strike and Order to Show Cause Why Sanctions Should Not Be Imposed Under Bankruptcy Rule 9011 and 28 U.S.C. § 1927. (Dkt. #7180) (the “Order”) The Order struck Section I.A. of Syncora’s Second Supplemental Objection to the City’s plan of adjustment (the “Objection”) because it was scandalous and defamatory toward Chief Judge Rosen and toward Eugene Driker and his wife. The Order also directed Syncora and its attorneys to show cause why sanctions should not be imposed for filing that Objection.

On September 1, 2014, in an Amended Second Supplemental Objection, Syncora and Kirkland & Ellis apologized to Mr. and Mrs. Driker:

Syncora and its counsel, Kirkland & Ellis LLP, also want to use this opportunity to acknowledge explicitly that the original Second Supplemental Objection should not have said or implied that Mediator Gene Driker had at any time failed to disclose his wife’s position with the Detroit Institute of Arts. This was a mistake: Judge Rosen circulated information last September disclosing Mrs. Driker’s association with the Detroit Institute of Arts. We were wrong. While we have already privately conveyed our apologies to the Drikers, the public nature of the mistaken claim demands both a public withdrawal of that claim and, just as importantly, a public apology. We are deeply sorry for the mistake we made and for any unfounded aspersions it may have cast on the Drikers.

Syncora’s Amended Second Supplemental Objection, at 1. (Dkt. #7213)

In addition, on September 15, 2014, in a Notice of Settlement in Principle, Syncora and Kirkland & Ellis apologized to Chief Judge Rosen and a second time to Mr. & Mrs. Driker:

This outcome would not have been possible without the tireless efforts of the mediators. In that vein, Syncora and its counsel, Kirkland & Ellis LLP, want to use this opportunity to apologize to Chief Judge Gerald Rosen, the Chief Mediator, and again to Eugene Driker, who is also a mediator in this proceedings, for an important and regrettable error in Syncora's Second Supplemental Objection to the Debtor's Plan [Dkt. No. 6651], which we filed on August 12, 2014. That Objection should not have said or implied that there was a failure to disclose that Mr. Driker's wife had an association with the Detroit Institute of Arts. In fact, Chief Judge Rosen himself had arranged for the disclosure of that information in an email that he (through his clerk) had sent us and other counsel in these proceedings on September 9, 2013. While we have already privately conveyed our apologies to Judge Rosen and the Drikers, the public nature of the mistaken claim demands both a formal withdrawal of that claim and, just as importantly, a public apology. We are deeply sorry for the mistake we made and for any unfounded aspersions it may have cast on Chief Judge Rosen and the Drikers.

Syncora's Notice of Settlement in Principle , at 1-2. (Dkt. #7483)

In these circumstances, the Court concludes the interests of justice suggest that the part of the Order requiring Syncora and its attorneys to show cause why sanctions should not be imposed should now be vacated. Accordingly, it is so ordered.

The part of the Order striking Section I.A. of the Objection is unaffected by this order.

Signed on September 15, 2014

/s/ Steven Rhodes
Steven Rhodes
United States Bankruptcy Judge